

## Message Text

UNCLASSIFIED

PAGE 01 NEW DE 13867 121400Z  
ACTION EB-08

INFO OCT-01 NEA-10 ISO-00 STR-07 AGRE-00 COME-00  
TRSE-00 CIAE-00 DODE-00 PM-05 H-02 INR-10 L-03  
NSAE-00 NSC-05 PA-02 SP-02 SS-15 ICA-20 IO-14  
/104 W

-----088718 131239Z /41

R 121106Z SEP 78  
FM AMEMBASSY NEW DELHI  
TO SECSTATE WASHDC 3924

UNCLAS NEW DELHI 13867

E.O. 11652: N/A  
TAGS: ETRD, IN  
SUBJECT: REDUCTION IN EXPORT DUTY ON TEA

REF: CALCUTTA 1621

FOLLOWING SENT ACTION NEW DELHI INFO BOMBAY MADRAS AND COLOMBO  
FROM CALCUTTA SEP 11, 78 RPTD TO YOU

QUOTE:

CALCUTTA 1621

E.O. 11652: N/A  
TAGS: ETRD IN  
SUBJECT: REDUCTION IN EXPORT DUTY ON TEA

1. ACCORDING TO CALCUTTA PRESS REPORTS AND TEA TRADE  
AND INDUSTRY CIRCLES, THE GOI HAS REDUCED THE EXPORT  
DUTY ON TEA FROM RS 5 PER KG TO RS 2 PER KG. THE GOI  
HAS SIMULTANEOUSLY LOWERED THE EXPORT QUOTA FOR TEA  
FROM 225 MILLION KG IN 1977-78 TO 200 MILLION KG FOR  
1978-79.

UNCLASSIFIED

UNCLASSIFIED

PAGE 02 NEW DE 13867 121400Z

2. INTERNATIONAL AND DOMESTIC PRICES OF TEA BEGAN TO  
RISE TOWARDS THE END OF DECEMBER 1976. IN ORDER TO  
ENSURE ADEQUATE SUPPLIES OF TEA AT REASONABLE PRICES  
TO DOMESTIC CONSUMERS, THE GOI ON APRIL 10, 1977  
IMPOSED AN EXPORT DUTY OF RS 5 PER KG. PRICES BEGAN  
TO FALL FROM AUGUST 1977 AND TEA PRODUCERS AND  
EXPORTERS REQUESTED THE GOI TO WITHDRAW OR AT LEAST

REDUCE THE DUTY ON TEA.

3. FOR THE PAST SEVERAL MONTHS THE INDIAN TEA TRADE AND INDUSTRY HAVE COMPLAINED THAT THE EXPORT DUTY ON TEA HAS MADE EXPORTS OF INDIAN TEA UNCOMPETITIVE IN THE INTERNATIONAL MARKETS. IN 1977-78, AGAINST AN EXPORT QUOTA OF 225 MILLION KG ONLY 219.90 MILLION KGS COULD BE EXPORTED. TOTAL EXPORTS EARNINGS WERE RS 5,563. WHILE THE AVERAGE PRICE WAS RS 25.29 PER KG. DURING APRIL/JUNE THIS YEAR (THAT IS THE FIRST QUARTER OF TEA YEAR 1978-79) EXPORTS TOTALLED 25.85 MILLION KG WORTH RS 526.8 MILLION AGAINST 35.69 MILLION KG WORTH RS 978.9 MILLION IN THE CORRESPONDING PERIOD OF LAST YEAR. THE AVERAGE PRICE IN APRIL/JUNE THIS YEAR WAS ONLY RS 20.38 PER KG AGAINST RS 27.43 PER KG IN THE SAME PERIOD LAST YEAR.

4. TEA TRADE AND INDUSTRY REPRESENTATIVES FELT THAT THE REDUCTION IN THE EXPORT DUTY"WHICH WAS LONG OVERDUE", WILL BOOST EXPORTS. IT IS EXPECTED, HOWEVER, THAT FOR INDEPENDENT REASONS, THE PRICES OF INDIAN TEA IN THE COMING AUCTIONS ARE LIKELY TO RISE AND THIS MAY, TO SOME EXTENT, NEUTRALIZE THE BENEFICIAL EFFECTS OF THE FICAL RELIEF IN LOWERING ITS INTERNATIONAL PRICE AND MAKING INDIAN TEA MORE COMPETITIVE.

UNCLASSIFIED

UNCLASSIFIED

PAGE 03 NEW DE 13867 121400Z

5. IN THE LONGER RUN OF THE FULL YEAR, INDIAN TEA PRODUCTION IN 1978-79 IS ESTIMATED AT ABOUT 550-560 MILLION KG WHILE DOMESTIC CONSUMPTION IS ESTIMATED AT 330 MILLION. AS THE EXPORT QUOTA IS 200 MILLION KG, THERE IS LIKELY TO BE A SURPLUS OF ABOUT 20 MILLION KG. TRADE CIRCLES, THEREFORE, EXPECT THAT EXPORT PRICES, AFTER AN INITIAL SPURT, WILL STEADY AT A REASONABLE LEVEL.PERKINGS

UNQUOTE:  
GOHEEN

UNCLASSIFIED

NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** EXPORT CONTROLS, TEA  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 sep 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 jan 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978NEWDE13867  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780372-0310  
**Format:** TEL  
**From:** NEW DELHI  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1978/newtext/t19780977/aaaaciv.tel  
**Line Count:** 106  
**Litigation Code IDs:**  
**Litigation Codes:**  
**Litigation History:**  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Message ID:** 9dd45b52-c288-dd11-92da-001cc4696bcc  
**Office:** ACTION EB  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** 78 CALCUTTA 1621  
**Retention:** 0  
**Review Action:** RELEASED, APPROVED  
**Review Content Flags:**  
**Review Date:** 29 mar 2005  
**Review Event:**  
**Review Exemptions:** n/a  
**Review Media Identifier:**  
**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 1468450  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** REDUCTION IN EXPORT DUTY ON TEA  
**TAGS:** ETRD, IN  
**To:** STATE  
**Type:** TE  
**vdkgvwkey:** odhc://SAS/SAS.dbo.SAS\_Docs/9dd45b52-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
Declassified/Released  
US Department of State  
EO Systematic Review  
20 Mar 2014  
**Markings:** Sheryl P. Walter Declassified/Released US Department of State EO Systematic Review 20 Mar 2014